

Message Text

UNCLASSIFIED POSS DUPE

PAGE 01 BRASIL 03803 01 OF 02 201053 Z

10

ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 COME-00 PER-05 ABF-01 RSR-01

RSC-01 /037 W

----- 004269

R 191820 Z JUN 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8247

INFO AMCONSUL RIO DE JANEIRO

UNCLAS SECTION 1 OF 2 BRASILIA 3803/1

FOLLOWING MESSAGE SENT ACTION BRASILIA FROM RIO DE JANEIRO
JUN 19 BEING REPEATED FOR DEPT ACTION AND RIO DE JANEIRO
INFO.

QUOTE UNCLASSECTION 1 OF 2 RIO DE JANEIRO 2120/1

E. O. 11652: N/A

TAGS: EGEN, BR

SUBJECT: FY 1974/75 INTERNATIONAL COMMERCIAL BUDGET

REF: STATE 109595

THE FOLLOWING IS A PROPOSED REPLY TO PARAGRAPHS ONE
AND TWO OF REFTEL. ASSUME THAT EMBASSY BUDGET OFFICER
WILL SUPPLY DATA REQUIRED BY PARAGRAPH FOUR OF REFTEL:

1. THE BURGEONING BRAZILIAN ECONOMY (GNP INCREASED BY
48.1 PERCENT FROM 1968 TO 1972) IS CAUSING AN EVEN GREATER
INCREASE IN BRAZIL' S IMPORT REQUIREMENTS (128.3 INCREASE
FROM 1968 TO 1972) REACHING A TOTAL OF \$4.235 BILLION FOB
IN 1972. THE UNITED STATES IS BY FAR THE LARGEST SUPPLIER
TO BRAZIL, BUT ITS SHARE OF THE BRAZILIAN MARKET IS
DECLINING (FROM 33 PERCENT IN 1968 TO 28.5 PERCENT IN 1972)
WHILE THE SHARES OF OUR COMPETITORS ARE INCREASING. THE FOLLOWING
STATISTICS INDICATE PERCENTAGE SHARE BY COUNTRIES OF
BRAZIL' S IMPORTS IN 1972 FOLLOWED BY SECOND PERCENTAGE
FIGURE INDICATING RATE OF INCREASE OF NATION' S EXPORTS TO
UNCLASSIFIED
UNCLASSIFIED

PAGE 02 BRASIL 03803 01 OF 02 201053 Z

BRAZIL FROM 1968 TO 1972:

USA	28.5	97.7	
WEST GERMANY	14.3		181.1
JAPAN	7.6	389.9	
UK	4.8	129.3	
ARGENTINA	4.7		51.5
ITALY	4.4	179.0	
FRANCE	4.0	158.9	
NETHERLANDS	2.5		247.1

2. ABOVE DATA INDICATE THAT DURING THE PAST FOUR YEARS, BRAZIL' S TOTAL IMPORTS INCREASED BY 128.3 PERCENT, AND US EXPORTS TO BRAZIL INCREASED BY ONLY 97.7 PERCENT, WHILE JAPAN AND FOUR EUROPEAN COUNTRIES INCREASED THEIR EXPORTS TO BRAZIL BY A SIGNIFICANTLY LARGER PERCENTAGE (389.9 TO 158.9).

3. THE UNITED STATES MUST PROMOTE ITS EXPORTS TO BRAZIL MORE VIGOROUSLY IF IT IS GOING TO MAINTAIN ITS SHARE OF THE BRAZILIAN MARKET.

4. ADDITIONAL REASONS WHY PRESENT TIME SUITABLE FOR ADDITIONAL EXPORT PROMOTION ACTIVITIES IN BRAZIL ARE: SUBSTANTIAL LEVEL OF BRAZIL' S INTERNATIONAL MONETARY RESERVES AND INCREASED COMPETITIVENESS OF US PRICES FOLLOWING CURRENCY REALIGNMENTS.

A. REQUESTS FOR ADDITIONAL PERSONNEL:

PORTO ALEGRE: CONSULATE IN PORTO ALEGRE IS LOCATED IN AREA TOTALING 146,010 SQUARE MILES (LARGER THAN COMBINED AREAS OF WEST GERMANY, NETHERLANDS, DENMARK AND SWITZERLAND) WITH ONE TENTH POPULATIONS OF BRAZIL AND INCLUDES VERY IMPORTANT AGRICULTURAL AREAS PLUS RAPIDLY GROWING INDUSTRIAL SECTORS. THIS AREA WAS SETTLED BY WAVES OF EUROPEAN IMMIGRANTS, LARGELY GERMAN AND ITALIAN, ACCOUNTING FOR VIGOR OF ITS BUSINESSMEN AND ITS RELATIVELY HIGH PER CAPITA INCOME. PORTO ALEGRE IS INCLUDED IN THE ITINERARY OF MANY US TRADE MISSIONS, AND EXIMBANK REPRESENTATIVES, AND IS SCHEDULED TO BE SITE OF 1974 US JOINT COMMERCE- AGRICULTURE FAIR.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 03803 01 OF 02 201053 Z

THE US CONSULATE CONSISTS OF ONE STATE DEPARTMENT OFFICER AND THREE FSL' S. OTHER NATIONS HAVE MUCH LARGER REPRESENTATION IN PORTO ALEGRE, E. G. JAPAN HAS A CONSUL GENERAL PLUS EIGHT OFFICERS.

RECOMMENDATIONS: THE CONSULATE IN PORTO ALEGRE SHOULD BE AUGMENTED BY AN AMERICAN OFFICER (FSO-6) AND A LOCAL EMPLOYEE (FSL-10). THE ADDITIONAL EMPLOYEES WILL RESULT

IN TWO ADDITIONAL MAN YEARS DEVOTED GO EXPORT PROMOTION.

SAO PAULO: STATE OF SAO PAULO INCLUDES LARGEST INDUSTRIAL COMPLEX IN SOUTH AMERICA, ACCOUNTING FOR THIRTY PERCENT OF BRAZIL'S GDP, SIXTY PERCENT OF ITS AGRICULTURAL PRODUCTION AND IS SOURCE OF FIFTY FIVE PERCENT OF BRAZIL'S TAX REVENUES. ITS PORT OF SANTOS, WITH THE PORT OF PARANAGUA, IN NEIGHBORING PARANA STATE, HANDLE HALF OF BRAZIL'S FOREIGN TRADE. US PRIVATE INVESTMENT IN SAO PAULO STATE ALONE TOTALS OVER \$1.5 BILLION. MORE THAN 1,700 US COMPANIES ARE REGISTERED WITH US CHAMBER OF COMMERCE IN SAO PAULO.

ECONOMIC/ COMMERCIAL SECTION OF THE SAO PAULO CONSULATE GENERAL CONSISTS OF TWO AMERICAN OFFICERS, AND SEVEN FSL'S. LOCAL STAFF HAS REMAINED STATIC OVER PAST DECADE, DURING WHICH PERIOD ONE AMERICAN POSITION WAS LOST AS RESULT OF OPRED. WORKLOAD FOR THE ECONOMIC/ COMMERCIAL SECTION HAS INCREASED DRAMATICALLY, PARTICULARLY DURING PAST TWO YEARS: VISITORS INCREASED 65 PERCENT, TRADE CONTACT SURVEYS, INVESTMENT OPPORTUNITIES AND ADR'S INCREASED 110 PERCENT, TRADE LETTERS 54 PERCENT, AIRGRAMS, MEMCONS AND TELEGRAMS 45 PERCENT AND WTDR'S 24 PERCENT. IN ADDITION SAO PAULO IS PRIME GOAL IN BRAZIL OF US TRADE MISSIONS, AS WELL AS EXIMBANK AND OPIC REPRESENTATIVES.

UNCLASSIFIED

NNNNMAFVVZCZ

ADP000

UNCLASSIFIED POSS DUPE

PAGE 01 BRASIL 03803 02 OF 02 201041 Z

10

ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 COME-00 PER-05 ABF-01 RSR-01

RSC-01 /037 W

----- 004174

R 191820 Z JUN 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8248

INFO AMCONSUL RIO DE JANEIRO

UNCLAS SECTION 2 OF 2 BRASILIA 3803

RECOMMENDATION; THE CONSULATE IN SAO PAULO

SHOULD BE INCREASED BY ONE LOCAL EMPLOYEE
(FSL-13) WHO WILL WORK SOLELY ON COMMERCIAL MATTERS.
UPON THE ESTABLISHMENT IN SAO PAULO OF A US TRADE
CENTER, ADDITIONAL AMERICAN AND FLS' S WILL BE REQUIRED.

RIO DE JANEIRO; ALTHOUGH CAPITAL OF BRAZIL HAS MOVED
TO BRASILIA, SUBSTANTIAL PORTIONS OF MOST DEFERAL GOVERNMENT
OFFICES ARE STILL IN RIO DE JANEIRO WHICH ALSO RETAINS
ITS FUNCTION THE BANKING, TRADING AND COMMERCIAL
CENTER OF THE COUNTRY. ITS INDUSTRIAL BASE IS SUBSTANTIAL
AND GROWING WITH SIGNIFICANT AMERICAN BUSINESS REPRESENTATION.
RIO DE JANEIRO' S POPULATION IS OVER FIVE MILLION AND
THE SURROUNDING STATE (GUANABARA) HAS THE HIGHEST PER
CAPITA INCOME IN BRAZIL. RIO IS PRINCIPAL BRAZILIAN
AIT TRAFFIC CENTER AND HAS A VERY IMPORTANT PORT USED BY
TWO MAJOR AMERICAN LINES. STATE OF MINAS GERAIS,
WHICH FORMS PART OF RIO DE JANEIRO CONSULAR DISTRICT, IS
DEVELOPING RAPIDLY AND MAY BECOME SECOND INDUSTRIAL
CENTER IN THE NATION. MANY NEW INVESTMENTS ARE BEING MADE
IN THE STATE, INCLUDING A (GENERAL MOTORS) TERX PLANT
AND A FIAT FACTORY WITH A CAPACITY FOR 200,000
AUTOMOBILES.

RIO A-287, DECEMBER 15, 197 2 DESCRIBED THE ACTIVE
COMMERCIAL PROGRAM OF THE CONSULATE GENERAL IN RIO WHICH
HAS HAD AN INCREASE OVER THE PREVIOUS YEAR OF 56 PER
CENT IN AIRGRAMS, OM' S AND MEMORANDA, 1 00 PER CEN TIN
UNCLASSIFIED
UNCLASSIFIED

PAGE 02 BRASIL 03803 02 OF 02 201041 Z

TELEGRAMS AND 250 PER CENT IN TRADE MISSIONS. THE
COMMERCIAL SECTION CONSISTS OF TWO FSO' S AND EIGHT
FSL' S (PLUS A COMMERCIAL COUNSELOR AND FSS SECRETARY
WITH NATION WIDE RESPONSIBILITY). THE SECTION OFTEN HAS
A TYPING BACKLOG, CAUSING A DELAY IN FINAL PREPARATION
AND IN TRANSMISSION OF COMMUNICATIONS WHICH ARE AVAILABLE
IN DRAFT FORM.

RECOMMENDATION: CONSULATE GENERA IN RIO DE
JANEIRO SHOULD BE INCREASE BY ONE LOCAL CLERK- TYPIST
(FSL-10) TO ASSIST WITH TYPING AND COMPLATION OF
STATISTICS.

SALVADOR: STATE OF BAHIA WITH AN AREA EQUAL TO THAT OF
FRANCE OR SPAIN AND A POPULATION OF ALMOST EIGHT
MILLION IS THE MOST RAPIDLY DEVELOPING AREA IN
NORTHEASTERN BRAZIL. IT HAS THREE INDUSTRIAL PARKS,
ALL NEAR SALVADOR. ARATU INDUSTRIAL PARK, THE
LARGEST AND MOST DEVELOPED, WAS BEGUN IN 1967,
OCCUPIES 168 SQUARE METERS, HAS 52 INDUSTRIES IN
PRODUCTION, 29 UNDER CONSTRUCTION AND 90 IN VARIOUS
STAGES OF PLANNING WHICH REPRESENT A TOTAL INVESTMENT
OF ABOUT \$600 MILLION. THE PETRO- CHEMICAL COMPLEX

UNDER CONSTRUCTION OR PLANNED, MOSTLY AT THE COMACARI INDUSTRIAL PARK, WILL REPRESENT AN INVESTMENT OF AT LEAST ONE BILLION DOLLARS. AMERICAN INVESTMENT IN AREA HAS DOUBLED TO ABOUT \$100 MILLION AND IS EXPECTED TO DOUBLE AGAIN IN NEXT YEAR AND A HALF. INVESTMENT IN NEW HOTELS IS ESTIMATED AT APPROXIMATELY \$90 MILLION; THIRTY NEW HOTELS WITH SOME 3000 ROOMS ARE UNDER CONSTRUCTION OR PLANNED.

COMMERCIAL RESPONSIBILITIES AND OPPORTUNITIES FOR THE CONSULATE ARE INCREASING RAPIDLY; WTDR'S ARE REACHING AN ANNUAL RATE OF 100. BUSINESS VISITORS, CORRESPONDENCE, ATTENDANCE AT INAUGURATION OF NEW US PLANTS AND HOTELS CAUSE A DRAIN ON THE TIME OF A POST WHICH HAS A COMPLEMENT OF ONLY ONE OFFICER AND FOUR FSL'S BE INCREASED BY ONE LOCAL EMPLOYEE (FSL-12) TO B- TRAVEL INCREMENTAL REQUESTED: SIX PORTO ALEGRE \$2,000 FOR SIX TRIPS

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 03803 02 OF 02 201041 Z

SAO PAULO \$800 FOR FOUR TRIPS

RIO DE JANEIRO \$1,500 FOR FOUR TRIPS

SALVADOR NO EXTRA FUNDS REQUESTED

BELEM \$520 FOR TWO TRIPS

TOTAL \$4,820

C. REPRESENTATION INCREMENTAL REQUESTS:

BRASILIA, RIO DE JANEIRO AND SAO PAULO \$500 EACH,

PORTO ALEGRE \$400

SALVADOR \$300

BELEM \$200

TOTAL \$2,400

THESE FUNDS WILL PERMIT ECONOMIC COMMERCIAL OFFICERS TO MAKE MORE EXTENSIVE USE OF VISITS OF PROMINENT AMERICAN BUSINESSMEN FOR SMALL LUNCHEONS OR RECEPTIONS TO PRESENT THE BUSINESSMEN TO APPROPRIATE LOCAL BUSINESSMEN AND OFFICIALS, THUS ASSISTING THE AMERICAN BUSINESSMEN AND IMPROVING CONTACTS OF ECONOMIC COMMERCIAL OFFICERS.

D. COMMERCIAL LIBRARIES INCREMENTAL REQUESTS:

\$500 EACH FOR SAO PAULO, RIO DE JANEIRO AND BRASILIA;

\$250 EACH FOR PORTO ALEGRE, SALVADOR AND BELEM;

TOTAL \$2,250.

COMMERCIAL NEWSLETTERS: NO INCREMENTAL REQUEST.

E. CONTRACT SERVICES: INCREMENTAL \$5,000 FOR DETAILED COMPITANTION AND STUDY OF BRAZIL'S IMPORT DATA FOR

1971 AND 1972 TO REVEAL AREAS IN WHICH OPPORTUNITIES
EXIST FOR U. S. EXPORTERS AND TECHNIQUES WHICH SHOULD
BE APPLIED TO TAKE ADVANCE OF THESE OPPORTUNITIES.
(NOTE: PUBLICATION OF 1971 IMPORT DATE HAS BEEN DELAYED
BY CHANGE IN BRAZIL' S NOMENCLATURE AND CLASSIFICATION
NUMBERS: 199-3 1972 DATA IN OCTOBER.)

F. OTHER ITEMS: INCREMENTAL \$500 FOR TWELVE TELEPHONE
CALLS TO DEPARTMENT OF COMMERCE. AT PRESENT ACTION
SOMETIMES DELAYED ON EXPORT PROMOTION ACTIVITIES
UNCLASSIFIED
UNCLASSIFIED

PAGE 04 BRASIL 03803 02 OF 02 201041 Z

BECAUSE OF NECESSARY TO AWAIT INFORMATION FROM
COMMERCE.

2. ALL OF THE FOREGOING ARE INCREMENTAL REQUIREMENTS
FOR FY 1974. TO THE EXTENT THAT THESE REQUESTS CANNOT
BE SATISFIED IN FY 1974, THEY ARE INCREMENTAL REQUESTS
FOR FY 1975. BOONSTRA
UNQUOTE.
CLEVELAND

UNCLASSIFIED

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BRASIL03803
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730621/aaaajcst.tel
Line Count: 306
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 109595
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Oct-2001 by phillir0>; APPROVED <24-Jan-2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980210
Subject: FY 1974/75 INTERNATIONAL COMMERCIAL BUDGET
TAGS: EGEN, BR
To: ARA
RIO DE JANEIRO
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005